Alternatives to Comprehensive Sanctions

William H. Kaempfer
Department of Economics, University of Colorado at Boulder
Boulder, Colorado

Anton D. Lowenberg
Department of Economics, California State University
Northridge, CA

February 2000

Center for Economic Analysis
Department of Economics

University of Colorado at Boulder
Boulder, Colorado 80309

© 2000 William H. Kaempfer, Anton D. Lowenberg
Alternatives to Comprehensive Sanctions*

William H. Kaempfer
Department of Economics
Campus Box  256
University of Colorado, Boulder
Boulder, CO 80309-0256
Tel.: (303) 492-6770
Fax: (303) 492-8960
william.kaempfer@colorado.edu

Anton D. Lowenberg
Department of Economics
California State University, Northridge
18111 Nordhoff Street
Northridge, CA 91330-8374
Tel.: (818) 677-2462
Fax: (818) 677-4903
anton.lowenberg@csun.edu

February 9, 2000

Abstract

The types of sanctions policies that are likely to be most effective depend on the objectives of the sanctions—whether they are intended merely to send a signal of disapproval or to precipitate a policy change in the target country—and on the alignment of political and economic interests in the target. Having identified the objectives of the sanctions, it is important that policy makers also specify how the sanctions are envisioned to work to achieve those objectives. The linkage from economic damage to desired political impacts is tenuous at best, which suggests that the most effective methods of achieving the intended political outcome might not be comprehensive economic sanctions but more narrowly targeted, symbolic or market-driven measures. Such measures will generally involve weakening the supporters of the objectionable policy in the target country, or their capacity to pursue this policy, while at the same time strengthening opponents. Implementing such an approach requires good information about the targeted recipients of the sanctions, the constraints they confront, and the disposition of their domestic opposition.
Alternatives to Comprehensive Sanctions

1. Introduction

It is undeniable that economic sanctions have become an international relations tool of choice in the post-Cold War era. The range of nations that have become targets of this foreign policy instrument is growing month by month, as is the list of those organizations applying the sanctions.\(^1\) In the latter case, of course, sanctioners are no longer limited to sovereign nations and multilateral organizations such as the United Nations or the Organization of American States, but “small-time” players like state and municipal governments have discovered that economic sanctions afford them a wonderful opportunity to enter the sphere of international relations.\(^2\) Neither is the list of sanctions targets necessarily limited to transgressor nations, but their trade partners are sometime brought under rebuke through the use of secondary sanctions.

This rush to sanction has generated a great deal of criticism in both academic circles and among the multinational firms that are typically the bearers of a large part of the implicit taxation that sanctions represent. It is a reasonable generalization to characterize international economic sanctions as overused, ineffective, and unfair. Sanctions are overused as demonstrated by the unwieldy number of sanctions episodes currently in force. They are ineffective given the number of seeming failures in sanctions policy.\(^3\) They are unfair not only because of the burden they place on firms and other organizations who would normally expect to freely engage in international commerce, but because of the heavy suffering that they can impose on innocents in target countries. Nevertheless, this characterization of sanctions is a generalization. In order to more fully understand what should be used and what should not, what is effective and what is not, and what is fair and what is not, a better understanding of what sanctions do is necessary.
The most important issue to be resolved before one can make a blanket assessment of the success (or use, or fairness) of sanctions in general, or even of specific types of sanctions, is just what was expected of the sanction. The critical failure of both the current sanctions policy making arena, and of assessment of the policies undertaken, is that there almost never is a clear understanding of the objective of the sanction or of how implementation of the sanction will attain success. Understanding these two issues will help in assessing alternatives to comprehensive sanctions.

2. Understanding Sanctions by their Political Objective

International economic sanctions are governmental policies, and as such they can be analyzed according to the general principles set forth in public choice economics. Behind the enactment of any endogenous policy will be a set of interests pressing for the policy against some resistance to the policy that must be overcome for successful implementation (Becker, 1983). In the case of sanctions, the pressures in favor of the sanctions could come either from interest groups with foreign policy objectives or from interests with more pecuniary objectives. The pecuniary self interest that seeks sanctions might be associated with protectionist interests in the sanctioning countries as in the case of some of the sanctions against South Africa. Other examples might include U.S. sugar producers anxious to keep Cuban sugar off the U.S. market or energy consumers hoping to avoid market disruption from an Iraqi invasion of Kuwait. Political resistance to sanctions is likely to be based on pecuniary self interest as well. Firms doing business in the intended target well understand that they will bear the brunt of the cost of the sanctions if their business undertakings are interrupted or terminated. Consequently, they will contest the imposition of international economic sanctions that damage their interests
regardless of their own ethical position toward the target’s objectionable behavior.

In this analysis, however, we will put aside pecuniary interests for the most part.\textsuperscript{5} Instead, we focus on the various foreign policy interests behind sanctions. The foreign policy interests pressuring for economic sanctions do not always have the same types of objectives given the nature of the target’s offense and the kinds of resistance to the sanctions. Objectives range from taking the moral high ground in response to the target’s offense, to punishing the target for its offense, to attempting to pressure the target to change its offensive action. Across these objectives, however, the type of sanctions that are appropriate might vary quite a bit in scope and range.

Sanctions that take the moral high ground are those sanctions that are designed more to please interests (particularly of the non-pecuniary type) in the sender than to have any impact in the target. The sender adopts a position that, instead of sitting by and acquiescing to the objectionable policy of the target, it would rather take a stand, even if only at very low domestic cost. An example would be Canada’s banning of landing rights, during the apartheid era, for South African Airways whose flights had never landed in Canada prior to the sanction. While such sanctions typically come at very low cost to the sender as well as to the target, occasionally sanctions designed to take the moral high ground are quite costly to the sender (but not to the target), as in the case of President Carter’s grain export embargo on the Soviet Union. This sanction imposed huge costs on grain farmers and exporting firms in the U.S. and perhaps politically on Carter himself, while the Soviet Union had plenty of leeway to minimize the damage incurred by seeking out substitute sources of grain.

Sanctions are also designed to punish the target country. These punitive sanctions which
are typically comprehensive and frequently multilateral in nature are expected to extract a high
toll in economic damage to the target by cutting it off from international markets. Sanctions of
this type are frequently in response to a specific act on the part of the target that has already
transpired, for instance, Iraq’s invasion of Kuwait or nuclear testing in India and Pakistan. The
very nature of the punishment intended by punitive sanctions may interfere with possible policy
modification in the target because punitive sanctions tend to cut off other channels of dialog
between sender and target. In addition, punitive sanctions may play into the hands of
“hardliners” in the target in a way that less comprehensive sanctions may not. Such an effect
would tend to entrench the target’s objectionable policy, not move the target toward
compromise. Of course, comprehensive economic sanctions also frequently lead to massive
human costs in the target, an outcome that may push the sender a bit off the moral high ground
as well.

Finally, sanctions may be aimed at policy modification in the target. If policy
modification is, in fact, the primary interest of those pressuring for action in the sanctioning
countries, then the exact sanctions policy implemented should be evaluated on grounds of how
the sanctions are likely to bring about modification, relative to the costs of implementing the
sanctions and the availability and costs of other options toward the end of policy modification in
the target. It is not at all clear that maximum economic dislocation in the target of the type that
might follow comprehensive and multilateral sanctions is either likely to bring about the desired
policy modification, or is justifiable in light of the domestic and humanitarian costs of such
sanctions.

Of course, in some sense when sanctions are imposed their purpose as envisioned by their
proponents might encompass all three of these objectives—take the moral high ground while punishing the target and getting it to modify its objectionable policies. However, the foregoing discussion suggests that the appropriate package of policies will vary across these objectives. While there are situations in which the appropriate objective for sanctions may be to take the moral high ground or to punish the target, let us restrict the discussion to sanctions that are intended to modify behavior of the target. It is our point that given some international relations episode in which economic sanctions are contemplated, the best sanctions package will depend on the actual objective at hand.\(^8\) When that objective is not punishing the target by exacting the maximum economic damage, alternatives to comprehensive sanctions should be taken into consideration.

3. Planning Sanctions to Achieve Target Policy Change

While various authors have debated the flaws and failures of international economic sanctions, our contention here is that the major shortcoming of sanctions policies is that they tend to be enacted without any conceptualization of how they will work to bring about policy modification. As Kirshner (1997, p. 32) points out, the relevant question is not whether sanctions work but how they function. In particular, when comprehensive, multilateral sanctions are imposed the question of how those sanctions will bring about policy change must be considered, but rarely is.

This reality about sanctions policy leads to the conclusion that perhaps the underlying objective of sanctions is, in fact, punishment of the target. If such is the case, then comprehensive and potentially multilateral sanctions are bound to inflict the greatest amount of economic dislocation on the target country. However, it should be noted that even in this case, the greatest amount of economic damage to the target country is not the same thing as the greatest amount of economic
damage to the target’s leaders or ruling elite.

Consider, however, episodes of sanctions in which the real goal is policy modification in the target. The link between the sanctions and policy change is now of critical interest. While this linkage is rarely discussed in the literature, even in theoretical terms (Kirshner, 1997, p. 41), there are some possibilities. The most blunt model, and perhaps the model envisioned by punishment sanctions, is that by inflicting damage on the target country, its ruling elite and core support groups, the leadership will choose to change policies as a response to a straightforward cost-benefit calculus (Kirshner, 1997, p. 42). The empirical evidence that exists on the successes and failures of sanctions seems to show that there is some positive relationship between the amount of economic damage and the success of a sanction in attaining its political objectives (Bonetti, 1997; Hufbauer et. al., 1990, pp. 101-2). However, it is not at all clear that it is the damage that links the sanction to the political success of the episode. For instance, many of the sanctions episodes in which the economic costs of the sanction were greatest in the target also involved military intervention.

Two other possibilities arising out of the public choice literature are presented in Kaempfer and Lowenberg (1992a). In each of these models, international economic sanctions can bring about policy modification in the target country by affecting the political interest groups that are responsible for the offensive policy in the first place. In one instance, sanctions have a direct impact through their income effects on interest groups. In the other, the effect of sanctions is more indirect and acts through signaling channels. In both cases, however, there is no presupposition that comprehensive sanctions will have the best, or even any, chance of effectiveness.
The direct interest group effect model (Kaempfer and Lowenberg, 1988) supposes a political process in the target country in which the objectionable policy is an endogenous outcome. The political process, or political market, administers pressures for and against the policy. The particular alignment of political powers and interests, such as the ascendancy of the National Party in South Africa under apartheid, might, then, lead to a policy outcome that is found objectionable by others outside the target’s own polity.

Sanctions can play a role in changing the target’s political outcome, however. Support for and resistance to the objectionable policy in the target are all based on individual decisions that are subject to a standard constrained optimization calculus. Supporters of the objectionable policy will choose to pressure for less of it (i.e., buy less of it) if its price should happen to rise or if their income constraint tightens and the objectionable policy is a normal good. Sanctions can cause incomes to fall through induced contractionary conditions. In addition, sanctions can even raise the prices of some objectionable policy choices if those policies require certain imported goods or technologies whose prices rise following sanctions. However, all of this must be tempered by the realization that the objectionable policy is the product of a market-like process in which there are both proponents and opponents. The incomes of opponents of the objectionable policy may be similarly affected by sanctions so that their ability to finance their own political resistance may be diminished by the sanctions, leading to a potential strengthening of the objectionable policy.

In the indirect interest group model (Kaempfer and Lowenberg, 1992b), sanctions are seen as a possible method of strengthening internal opposition to the target’s objectionable policy. Leaders of opposition interest groups in the target country use external sanctions as a
signal to members and potential members of the viability of their position. Sanctions help to serve notice that the policy that the opposition interest group opposes is in fact also repudiated by others in the world. This notice then gives rise to optimism that, given tangible evidence of external support, the opposition may someday succeed in its efforts. Consequently, individuals find greater personal rewards to joining in collective action with the opposition group, which enhances that group’s political effectiveness. In other words, one of the “transmission belts” through which sanctions might work is an external message or signal that strengthens collective action among the political opponents of the objectionable policy in the target country.

Moreover, as Kirshner (1997, pp. 42, 45) points out, judiciously chosen sanctions could weaken the target government directly as well as driving a wedge between the government and its core constituency groups, motivating the latter to pressure or even jettison the government to protect their own interests.

The question remains, however, what types of sanctions policies might best achieve policy modification in the target by means of these interest group models? Multilateral comprehensive sanctions may have their role in international relations; however, it seems clear that they are not business as usual for the most successful applications of sanctions. Instead, alternative sanctions policies (or even alternatives to sanctions) should be considered.

4. Selecting Targets

Interest group models of public policy formation suggest that proponents and opponents of some specific policy will be willing to expend resources in the political system, up to a point, in order to attain or avoid implementation of that policy. Foreign nations can enter the political fray indirectly by attempting to alter the resources available to interest groups by applying
international economic sanctions. The optimal solution, of course, would be to apply sanctions in such a way as to increase the political resources of the group whose point of view is favored while diminishing the resources of the group whose position is to be thwarted. Thus there is a role for aiming the harmful effects of sanctions toward the proponents of some objectionable policy and away from the opponents. “The success of sanctions depends not on their impact on the target economy as a whole, but on the extent to which the right groups are hurt” (Kirshner, 1997, p. 42).

Retaliatory trade measures, for example, have been constructed to be highly specific in their political targets. One reputed example is the case of U.S. actions against France in retaliation for certain French initiatives in the European Union designed to restrict U.S. access to markets. In order to pinpoint the retaliatory pressure on certain French politicians, U.S. trade officials suggested tightening import measures against specific varieties of wine grown only in the home districts of those politicians. Thus, the trade policy was fine-tuned to induce pinpoint political pressure on relevant decision makers. In actuality, trade policy makers regularly investigate in advance potential markets for specific retaliatory actions to maximize the political impact of the retaliation in target countries.

In the same way, if sufficient intelligence existed on the sources of wealth of specific politically important individuals in a target nation, measures could be carefully aimed to reduce that wealth. Such sanctions are commonly referred to as “smart sanctions.” The individuals singled out by smart sanctions could be either major political operatives behind the objectionable policy or their key supporters. In either event, the role of smart sanctions is to identify those responsible and to increase the cost to them of engaging in that behavior found to be
objectionable in the sanctioning countries. An example would be the freezing of assets owned abroad by members of the target elite, of which more below. A potential drawback of smart sanctions is that their highly specific nature might allow their intended targets ample opportunity to deflect their impact.

More generally, sanctions could be applied to categories of goods for which evidence exists that there are significant consumption differences across groups. In many instances, objectionable policies in target countries originate from racial, ethnic, class, or religious conflicts (e.g., South Africa and Bosnia). In these countries, it might be the case that consumption patterns differ significantly across the relevant groups. If so, sanctions could be aimed to reduce income more for groups likely to be supporters of the objectionable policy than for opponents of it. For instance, in South Africa the share of income spent on cigarettes is three times greater for whites than for blacks. A selected sanction against exports of cigarettes and other tobacco products to South Africa would have had a differential impact on the wealth of whites relative to blacks, especially given the low income and price elasticities generally associated with tobacco consumption (Berg, 1998).

Targeting sanctions can also have an impact on the ability of a target country to pursue its objectionable policy. Technology and military goods are frequently necessary in order for targets to proceed with some policy outcome that they desire. Restricted ability to acquire these goods effectively raises the price of the objectionable policy and may cause the target nation to consume less of its objectionable policy. Restricted access to technology in India and Pakistan may have, in fact, delayed their production of nuclear weapons for decades. In a similar fashion, the weapons and parts sanctions imposed on Iraq after its invasion of Kuwait may not have
caused it to retreat, but may have negatively affected its military ability to defend its gains.

Of course it may not always be possible to selectively sanction specific groups or actors in the target country. In some cases where we might think in retrospect that sanctions were targeted, the facts of the matter are quite different, which gives rise to considerable confusion in public discourse on sanctions. For example, Seib (1998) maintains that the sanctions against South Africa were “carefully targeted.” In fact they were carefully targeted not to impose maximum damage on South Africa or to bring about political change, but to minimize damage or promote protectionist interests in the sanctioning countries. Thus the 1986 U.S. legislation, the Comprehensive Anti-Apartheid Act, targeted imports of South African steel, textiles and agricultural products to the advantage of import-competing U.S. industries, while the equivalent legislation in Europe exempted South African coal on which European countries were quite highly dependent for their energy requirements. The intent of the targeting was purely domestic—to serve protectionist interests or to minimize internal damage—not to bring about an expeditious dismantling of South African apartheid policies (Kaempfer and Lowenberg, 1989).

5. Unilateral vs. Multilateral Sanctions

Seib (1998) quotes Sen. Richard Lugar proclaiming that “almost all the academic work on that issue says for sanctions to work they have to be multilateral” rather than imposed by the U.S. alone. In fact the academic literature suggests nothing of the kind. The most comprehensive data on sanctions are those published by the Institute for International Economics (Hufbauer, et al., 1990), comprising 115 sanctions episodes since 1914. Rigorous analysis of these data reveals that there is no statistically significant relationship between multilateral cooperation and the success of sanctions (Bonetti, 1997, p. 332). The consensus among scholars who have
studied the empirical evidence is that multilateral sanctions are no more likely to produce a successful outcome than are unilateral sanctions.

The mantra in Washington that multilateral sanctions are more effective than unilateral sanctions apparently stems from intensive persuasive pressures on the part of a business community understandably upset by unilateral sanctions policies (such as the Iran-Libya Sanctions Act) that place U.S. companies at a disadvantage relative to their foreign competitors. Although it is true that multilateral sanctions impose more economic damage on target countries than do unilateral sanctions, economic damage does not, as we have seen, necessarily, or even usually, translate into the kinds of political results sought by sanctioners. While obtaining multilateral cooperation might be a good idea if it prevents U.S. businesses from losing contracts or market share, the argument that cooperation enhances the effectiveness of the sanctions unfortunately does not stand up to scrutiny.

In fact, comprehensive sanctions have certain drawbacks as policies attempting to modify actions of the target. By their very nature, comprehensive sanctions will bring to bear almost the full weight of a market reaction in the target. Interrupted international trade will drive up the prices of imports because of their scarcity while exportable goods will crash in price because of their glut on the target’s markets. This drastic worsening of the terms of trade in the target creates a great opportunity for profiteering both inside and outside the target. Sanctions-busting traders earn excess profits, or rents, arising from the sanctions-induced improvement in their terms of trade with the target. These sanctions rents are greater the larger the price effect of the sanctions, which in turn rises with the number of nations participating in the sanctions. More to the point, among those with the greatest opportunity to capture the rents created by the sanctions
are regime leaders in the target (Rowe, 1993). There are repeated examples of this very effect in practice ranging from Rhodesia to Haiti to Serbia, revealing that sanctions may end up enriching the very leaders they were intended to depose. More limited sanctions may signal their intent without any enriching effects for the intended objects.

Kaempfer and Lowenberg (1999) point out that comprehensive multilateral sanctions in fact have the perverse effect of concentrating sanctions rents within the target country, insuring that residents of the target are the prime beneficiaries of the sanctions, whereas more limited unilateral sanctions typically disperse the sanctions rents among a larger number of countries. Under unilateral sanctions, individuals and firms in many of the non-sanctioning countries benefit from enhanced above-board trading opportunities with the target, whereas under multilateral sanctions, a greater share of the lucrative sanctions-busting activities is likely to be undertaken by merchants or smugglers from the target country itself. For example, when the U.S. unilaterally restricted sales of grain to the Soviet Union in 1981, farmers in Canada, Australia, Argentina and other non-sanctioning countries benefited from higher Soviet grain prices and thereby appropriated a large part of the sanctions rents. However, if an inclusive multilateral alliance were to cut off sales of, say, computers to Iraq, only illegal transactions would remain, in which Iraqi merchants would likely play a major role. These examples illustrate that multilateral sanctions are actually likely to distribute a larger share of the sanctions rents to residents of the country that is supposedly being punished than are unilateral sanctions. The abundant legal trading opportunities that remain under unilateral sanctions diminish the importance of precisely those black-market transactions in which the target is most likely to have the greatest market power.
6. Cultural, Sport, and other Non-Economic Sanctions

If the point of economic sanctions is to do just that—make a point—than it may be that non-economic sanctions can make the point more publicly and with less economic damage in the sanctioning countries. Non-economic sanctions are interruptions of cultural, athletic, scientific, or academic exchanges between nations. Such sanctions usually have only very minor economic consequences in both the sender and the target—although to the individuals concerned the sanctions can be significant. In some cases such as an Olympic boycott, the costs of non-economic sanctions can potentially be quite large.

While the costs, imposed and incurred, of non-economic sanctions are typically small, the publicity associated with them is large. To the extent that information about international expressions of opprobrium toward target country actions can strengthen the political effectiveness of opposition interest groups in the target, the “big news” of non-economic sanctions can be important. It is also relevant that quite frequently in these cases the sanctioner and target are nations tied together historically by a similar heritage based on colonial, language, ethnic, or religious linkages. When such ties are severed, the psychological impacts can be significant. For instance, when Commonwealth nations broke off sporting competition with South Africa, the loss felt in that country was considerable (Lowenberg and Kaempfer, 1998). It is partly for this reason that empirical studies typically have found that sanctions against a friend are more likely to succeed than sanctions against an enemy (Hufbauer et. al., 1990; Bonetti, 1997; Kaempfer and Lowenberg, 1999).

7. Financial Sanctions

Two types of financial sanctions can be selectively targeted to bring about policy modification in
a target country. In the first instance, general borrowing and trade credit restrictions can be applied through international capital markets. In cases where the government of the target is an active borrower on international capital markets, restrictions can be effective in bringing to bear extensive pressure on that government’s ability to rule effectively. Some evidence exists that the most effective economic sanction against South Africa in terms of bringing about substantive reform was the private banking community’s refusal to reschedule the country’s debt (Lowenberg, 1997; Lowenberg and Kaempfer, 1998, pp. 209-12, 223-24). The problem for the South African government during the financial crisis of 1985 was that its very financial footing was at risk if short-term debt could not be rolled over. Consequently, it was willing to take the economic and political actions necessary to address the concerns of the international banking community. It should be noted, however, that these financial restrictions were really a private market response to increased country risk in South Africa, not a governmental sanctions policy per se.

An alternative action through the financial sector is the freezing and attachment of accounts, transactions and records of selected targets. Advances in financial tracking technology make it possible to uncover specific transactions of individuals. In this way, the transactions of selected individuals—either rulers of renegade states or their important supporters—can be blocked. Such actions clearly aim the economic impacts of sanctions at those individuals most responsible for the objectionable policies of the target. Of course, one issue of concern in such actions is due process. For such asset freezes to be effective they need to be implemented quickly. The required speed of implementation may make individual protections under the law difficult to uphold. In addition, frequent use of such tools in the domestic banking sector of a
sanctioning country like the United States may erode its international financial market power as potential targets seek out more protected offshore financial institutions.

8. Threats of Sanctions and the Role of Multinational Corporations

As already noted, international economic sanctions are being used with far greater frequency now than they have before. Ultimately, the overuse of sanctions will diminish their effectiveness. To preserve their effectiveness, sanctions should be used in the context of a world that enjoys considerable free trade; a free trade environment insures that the extent of economic relations between nations is as great as possible, thereby maximizing the dependence of national economies on international trade. Then, with so much to lose from sanctions, the threat of sanctions may carry more weight both in the target and among those with direct economic relations with the target.¹⁴

By restricting trade and investment channels between nations, sanctions become a policy financed through the sacrifices of those who engaged in trade and investment prior to the sanctions. In effect, sanctions comprise a set of implicit taxes levied against the multinational firms that carry on business between the sender and the target. The reaction of those asked to bear these taxes is predictable: they will seek to lessen their burden. The primary interest group advocating against economic sanctions is the set of firms engaged in international commerce. This advocacy against sanctions is not due to a lack of sympathy for the objectives of the sanctions but to a desire to maintain and protect a stream of returns on an investment abroad. However, taking a political stance against sanctions in the sending country is not the only political action that a multinational firm might take in order to protect its stream of returns. It is likely that, when faced with a threat to its economic position, a firm will act to lessen the extent
of the target’s objectionable policy.

The presence of foreign firms in the target sometimes has a direct impact on some of the outcomes of the objectionable policy. For instance, in apartheid-era South Africa foreign firms were among the strongest supporters of black workers. They paid higher wages and promoted black employees actively in order to satisfy the requirements of the Sullivan Principles, a set of voluntary guidelines that many foreign firms adopted to escape severe criticism for their operations in South Africa (Feigenbaum and Lowenberg, 1988). The impact of foreign firms can also be felt directly on the political process. When faced with a sanctions threat, foreign firms can and do actively lobby the target country’s government in favor of modifying the objectionable policy.

This avenue of pressure in a target country is most viable when sanctions are at the discussion stage. Rapid implementation of comprehensive sanctions may work to maximize the extent of economic damage in the target country but, by mandating disengagement of foreign firms, it also eliminates an important channel of policy modification. Threatened sanctions, and sanctions that slowly ratchet up the level of comprehensiveness, are much more effective in bringing private sector sources of pressure to bear against target governments.

9. Conclusion

The two primary lessons for policy makers in sanctioning countries that stem from this paper can be summarized as “know your objective” and “know your target.” There are a variety of reasons for wanting to impose sanctions and changing the policies of the target is only one of these. If policy modification is the primary interest of the sanctioning countries, then the exact sanctions policy implemented should be evaluated on grounds of how the sanctions are likely to bring
about modification. Of course the costs of implementing the sanctions and the availability and
costs of other options toward the end of policy modification in the target play a part in deciding
on a sanctions policy. However, conceptualization of how the sanctions might attain their goal
of policy modification is essential.

When a plan for attaining policy change in the target has been formulated, it is likely that
something other than comprehensive sanctions will emerge as the best policy. Comprehensive
sanctions are convenient packages of sanctions when little is known about the target or how it
might be effectively sanctioned. However, given that alternatives to comprehensive sanctions
are probably more effective in bringing about whatever modification is likely in the target, the
appropriate package of sanctions must be based on clear understanding of the circumstances.
Targeting sanctions requires good information on the background of political leaders and the
social, political and economic structure of the target. In order to implement a plan with some
chance for success, knowing what measures will modify the behavior of current decision makers
and what measures will strengthen the hand of potential political opponents is necessary.

However, sanctions cannot be expected to be effective instruments of policy modification
in all, or even most, episodes. Arguing for alternatives to comprehensive sanctions is an
admission that brute economic force may not be the most effective tool for all of the objectives
of sanctions. Such an admission also suggests that sanctions will not work always, or even
often.
References


USA Engage, U.S. Unilateral Economic Sanctions web site,
http://www.usaengage.org/resources/map2.html

Notes

* An earlier version of this paper was presented at a conference on “Economic Sanctions: Strategies for Success,” organized by the Office of Transnational Issues, U.S. Central Intelligence Agency, July 31, 1998. We thank conference participants for helpful comments.

1 Until August 1990, the UN Security Council had imposed mandatory multilateral sanctions only against Rhodesia (and a much less-inclusive arms embargo against South Africa). Since that date, however, Security Council sanctions have been implemented against Iraq, the former Yugoslavia, Somalia, Libya, Liberia, UNITA in Angola, Haiti, Rwanda, and Sierra Leone. The U.S. imposed unilateral sanctions against no fewer than 35 countries from 1993 to 1996. See Kaempfer and Lowenberg (1999). For a listing of U.S. unilateral sanctions currently in force or pending, see USA Engage’s web site, http://www.usaengage.org/resources/map2.html, which listed 65 countries under U.S. sanctions as of December 15, 1999.

2 Of course, while these opportunities are, perhaps, “wonderful” for the local governments in question, such decentralization of foreign policy is lamentable from the national perspective. For a critique of state and local sanctions, see Canes (1998). Locally-initiated sanctions are not necessarily ineffective in achieving their objectives, however, as evidenced by measures implemented by certain states and cities in the U.S. against Swiss banks to induce the banks to compensate holocaust victims (Wall Street Journal, August 14, 1998, p. A12).

3 For a recent debate on sanctions effectiveness see Pape (1997; 1998), Elliott (1998) and
4 See Kaempfer and Lowenberg (1989).

5 See, however, Section 8 below where the pecuniary interests of sanctions resisters is taken up again.

6 On sanctions as instruments of punishment, see Nossal (1989).

7 On the collateral damage caused by sanctions, see Haass (1997).

8 Thus Kirshner (1997, pp. 36-41) argues that different types of sanctions can be distinguished from one another along several dimensions, such as visibility, robustness and speed of taking effect, which render them more or less suitable depending on the goals and constraints of each particular case.

9 Sanctions are often applied as an intermediate step in the escalation of disputes that culminate in military force (Kirshner, 1997, p. 33).


11 The term is used in this context by Jentleson (1999).
Although the South African case is often touted as a success story for sanctions, there is considerable evidence that sanctions were not the main, or even a major, cause of South Africa’s democratic transition. Of more importance than sanctions were the mounting domestic costs of apartheid which were largely self-inflicted (Lowenberg, 1997; Levy, 1999).

Publicity is important because it helps to induce cooperation by other potential sanctioners and to signal support for opposition groups in the target (Kirshner, 1997, p. 39).

As Elliott (1995, p. 59) points out, however, this effect cuts two ways: enhanced economic interdependence also creates more opportunities to circumvent sanctions by providing numerous alternative trading partners.